

Retired Reserve -vs.- Discharge

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Have you received your 20-Year Letter and are considering electing discharge rather than transfer to the Retired Reserve? Based upon the date you initially entered military service, you may want to reconsider your decision.

Retired Pay Computations

Depending on the date you initially entered military service, also called the DIEMS date, your monthly Army Reserve retired pay will be calculated under the "Final Basic Pay" or "High-3" formula as follows:

DIEMS Date before 8 September 1980

If you entered the military before **8 September 1980**, your years of satisfactory (equivalent) service (total creditable retirement points divided by 360) will be multiplied by 2.5 percent up to a maximum of 75%. The resulting percentage will be applied to the basic pay in effect for you (based on retired pay grade and years of service) on the date retired pay starts to determine monthly retired pay. **Guard and Reserve soldiers who separate or are discharged before age 60 will have their total years of service for pay determined as of time of separation.** Guard and Reserve soldiers who transfer to the Retired Reserve until age 60 will have their total years of service for pay determined at age 60 or upon entry into a retired pay status (whichever is later). Monthly retired pay will be increased annually by a cost of living allowance (COLA) equal to the annual change in the Consumer Price Index (CPI).

DIEMS Date on or after 8 September 1980

If you first joined the military on or after **8 September 1980**, your years of satisfactory (equivalent) service will be multiplied by 2.5 percent up to a maximum of 75% just like in the first example; however, the resulting percentage will be applied to the average of the highest 36 months of basic pay in effect for the soldier to determine monthly retired pay. **Guard and Reserve soldiers who separate or are discharged before age 60 will have their highest 36 months of basic pay determined at time of separation.** Guard and Reserve soldiers who transfer to the Retired Reserve until age 60 will have their highest 36 months of basic pay determined at age 60 - generally, the pay scales in effect when they were ages 57, 58, and 59. Monthly retired pay will be increased annually by a cost of living allowance (COLA) equal to the annual change in the Consumer Price Index (CPI).

Remember, if you stay with the Reserve Component by transferring to the Retired Control Group when you stop active participation, your total service for pay (longevity) continues to increase and have a positive impact on the amount of retired pay you will ultimately receive. Our estimate will assume you plan to remain with the Reserve program after you stop active participation. If you elect a discharge before age 60, your ultimate retired pay will be less than it would be if you remain affiliated.

Guard and Reserve soldiers who transfer to the Retired Reserve until age 60 will have their total years of service for pay determined at age 60 or upon entry into a retired pay status (whichever is later).